

NC Department
of
Health and Human Services
Office of Procurement, Contracts and Grants
Policy and Procedures Procurement Manual

Section VII:	Procurement and Contracts Services
Title:	Policy and Procedures-Procurement Manual
Current Effective Date:	08/19/19

Table of Contents

1.0	STATEMENT OF GUIDING PRINCIPLES FOR DHHS PROCUREMENT	5
1.2	ETHICS & INTEGRITY.....	5
1.3	PURPOSE	6
1.4	PROCUREMENT AUTHORITY AND RESPONSIBILITY	6
1.5	RESPONSIBILITY OF OPGC	6
1.6	RESPONSIBILITY OF ALL DHHS DIVISIONS/OFFICES/FACILITIES/SCHOOLS	6
2.0	NORTH CAROLINA STATUTORY AUTHORITY, ADMINISTRATIVE CODE, AND POLICY	7
2.1	CORRECTION ENTERPRISE.....	7
2.2	POLICIES PROHIBITING DISCRIMINATION, HARRASSMENT, AND RETALIATION IN STATE EMPLOYMENT, SERVICES, AND CONTRACTS UNDER JURISIDCATION OF THE OFFICE OF THE GOVERNOR.....	8
2.3	EXECUTIVE ORDER NO. 50 ENHANCED PURCHASING OPPORTUNITIES FOR NORTH CAROLINA BUSINESSES	8
2.4	NC Governor Roy Cooper October 29, 1018: EXECUTIVE ORDER NO. 80, NORTH CAROLINA CLEAN ENERGY ECONOMY	8
2.5	EXECUTIVE ORDER 150, SUPPORT FOR HISTORICALLY UNDERUTILIZED BUSINESSES (HUB) .	10
2.6	ANTI-TRUST	10
2.7	RECIPROCAL PREFERENCE LAW	11
2.8	COMPETITIVE BIDDING	11
2.9	NON-COMPETITIVE EXTENSION OF EXISTING CONTRACTS	12
3.0	DELEGATIONS.....	12
3.1	GENERAL DELEGATION	12
3.2	SPECIAL DELEGATIONS.....	13
3.3	DOCUMENTATION FOR SPECIAL DELEGATION	13
4.0	EXEMPTIONS	14
4.1	EXEPMTIONS (NO-IT)	14
4.2	EXEMPTIONS (IT)	14
4.3	UNAUTHORIZED PURCHASES.....	15

5.0	ACCOUNTABILITY, MONITORING AND TRAINING.....	15
6.0	COMMODITY SPECIFICATIONS.....	16
7.0	REPAIRS (NON-CONSTRUCTION).....	16
8.0	SERVICE CONTRACTING	17
9.0	SCOPE OF WORK CONTENT.....	17
10.0	DHHS-INFORMATION TECHNOLOGY DIVISION REVIEW OF CERTAIN PURCHASES.....	18
11.0	PRIVACY AND SECURITY REVIEW OF CERTAIN PURCHASES.....	18
12.0	HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA) BUSINESS ASSOCIATE AGREEMENT (BAA).....	22
13.0	REVIEW OF PURCHASES AND SERVICE CONTRACTS FOR SAFETY AND HEALTH CONCERNS	23
14.0	AGENCY/VENDOR COMPLAINT SERVICE.....	23
15.0	PURCHASING PREFERENCES AND PRIORITIES.....	23
15.1	PREFERENCE FOR DIVISION OF ADULT CORRECTION AND JUVENILE JUSTICE OF T HE DEPARTMENT OF PUBLIC SAFETY PRODUCTS	23
15.2	TERM CONTRACTS.....	24
15.3	NONPROFIT WORK CENTERS FOR THE BLIND AND THE SEVERELY DISABLED	24
16.0	PROCUREMENT METHODS	24
16.1	NON-IT GOODS AND SERVICES	24
16.2	IT GOODS AND SERVICES	25
16.3	CONTRACTS \$1 MILLION AND \$5 MILLION (NON-IT).....	25
17.0	PROCUREMENT SYSTEMS	26
17.1	NC E-PROCUREMENT SYSTEM	26
17.2	E-PROCUREMENT REQUISITION PROCESS ():.....	26
17.3	NORTH CAROLINA ACCOUNTING SYSTEM (NCAS).....	27
17.4	PROCUREMENT CARDS (PCARDS)	27
17.5	DIRECT PAY TRANSACTIONS.....	28
18.0	CONTRACT TYPES AND SOLICITATION METHODS.....	28
18.1	SOLICITATION METHODS	30
18.2	SOLICITATION PROCESS FOR COMPETITIVE BIDS	32
18.3	WAIVER OF COMPETITION	32
18.4	SELECTION METHODOLOGY.....	33
18.5	EVALUATION METHODOLOGY	34
18.6	COMPETITIVE RANGE.....	36
19.0	PROCUREMENT LEADTIMES.....	36

20.0	FILE CLOSEOUT CHECKLIST.....	38
21.0	PROCUREMENT FILE MAINTENANCE	39
22.0	PUBLIC RECORDS REQUESTS	40
23.0	GLOSSARY.....	41
24.0	ACRONYMS	47
25.0	FORMS.....	48
26.0	PURCHASING REFERENCE GUIDE AND FLOWCHARTS	51
26.1	FLOWCHARTS – RESERVED	51

INTRODUCTION AND GENERAL OVERVIEW

1.0 STATEMENT OF GUIDING PRINCIPLES FOR DHHS PROCUREMENT

The vision of the DHHS Procurement system is to deliver on a timely basis the best value product or service to the customer, while maintaining the public's trust and fulfilling public policy objectives. Participants in the procurement process should work together as a team and should be empowered to make decisions within their areas of responsibilities.

The Procurement process will:

- Satisfy the customer in terms of cost, quality and timeliness of the delivered product or service
- Maximize the use of commercial products and services
- Use contractors who have a track record of successful past performance or who demonstrate a current superior ability to perform
- Maximize competition
- Minimize administrative costs
- Conduct business with integrity, fairness and openness, and
- Fulfill public policy objectives

The procurement team consists of representatives of the technical, supply, procurement, small business, legal and customer communities.

The role of each member of the team is to exercise personal initiative and sound business judgment in providing the best value product or service to meet the customer's needs.

1.2 ETHICS & INTEGRITY

Public business shall be conducted in a manner above reproach and, except as authorized by statute or regulation, with complete impartiality and with preferential treatment for none. Transactions relating to the expenditure of public funds require the highest degree of public trust and an impeccable standard of conduct. The general rule is to avoid strictly any conflict of interest or even the appearance of a conflict of interest in DHHS employees-contractor relationships.

DHHS Procurement professionals are charged with safeguarding the integrity of the procurement process. All DHHS employees are responsible for maintaining the impartiality of the process and ensuring complete transparency and fairness within the regulatory framework.

Section VII:	Procurement and Contracts Services	Page of
Title:	Requests for Applications, Request for Information and Requests for Proposals	
Current Effective Date:	12/18/03	

1.3 PURPOSE

This Manual is intended to provide the basic laws, rules, policies and procedures that must be followed in carrying out the responsibilities of procurement in the Department of Health and Human Services (DHHS). It applies to the acquisition of all equipment, materials, supplies, printing, and services.

This manual is not all-encompassing of the laws, rules and policies on procurement. In addition to this manual, both the [Department of Information Technology, Statewide IT Procurement Office \(SITP\)](#) and the [Department of Administration, Division of Purchase and Contract \(P&C\)](#) provide additional resources on their websites to insure compliance with all purchasing requirement in conducting day-to-day purchasing activity.

This Policy and Procedures manual supplements [the North Carolina Procurement Manual](#) and the [NC DIT Statewide Procurement Policies and Procedures Manual](#) to address and provide for DHHS specific procurement authorities and processes.

1.4 PROCUREMENT AUTHORITY AND RESPONSIBILITY

In accordance with the N. C. Administrative Code, N.C. General Statutes, affecting Procurement and the delegations of the Department of Information Technology (SITP) and the Department of Administration, Division of Purchase and Contract (P&C), the Secretary of the Department of Health and Human Services (DHHS) is responsible for administering the department's program for the acquisition of goods and services. The administration of this program has been delegated by the Secretary to DHHS's Assistant Secretary of the Office of Procurement, Contracts and Grants.

1.5 RESPONSIBILITY OF OPCG

Within DHHS, the Office of Procurement, Contracts and Grants (OPCG) is responsible for administering DHHS' program for the acquisition by purchase, exchange, lease, or rental of equipment, materials, supplies, printing, and services for all DHHS. This oversight responsibility includes, but is not limited to:

- Training and security of Business Systems;
- Training and oversight of the acquisition of goods and services; and,
- Serving as DHHS' Liaison with P&C and SITP.
- All contact with P&C and SITP for division purchases will be made by OPCG.

1.6 RESPONSIBILITY OF ALL DHHS DIVISIONS/OFFICES/FACILITIES/SCHOOLS

Each DHHS-Divisions/Offices/Facilities/School's (DHHS-Entity) management is charged with establishing specific responsibilities and administrative duties of personnel who act on behalf of the DHHS - Entity in the procurement process for goods and services. Each division/office is

likewise responsible for decisions made and actions taken by such people involved in purchases made under their delegation.

All DHHS - Entities shall be responsible for handling each requirement in accordance with all laws, rules, policy and this manual. If there is ever a question as to the appropriate procedure to follow, contact your Procurement Office prior to proceeding with any action. In addition, each DHHS - Entity:

- Shall safeguard against conflicts of interest, or the appearance of a conflict of interest.
- Shall monitor purchases to guard against splitting orders in an attempt to avoid competition requirements. This includes monthly and quarterly (scheduled buying) purchases.
- Shall monitor procurement activity to determine if a Statewide or Agency Specific Term Contract is more appropriate.
- Shall immediately report to their supervisor if it is determined that vendors are inflating prices of commodities or services as a result of a non-competitive process, or where collusion might be suspected.
- Shall always conduct him/herself in a professional manner and maintain an effective businesslike relationship with DHHS users, coworkers, vendors, and others that you may have contact with while carrying out your assigned duties.

2.0 NORTH CAROLINA STATUTORY AUTHORITY, ADMINISTRATIVE CODE, AND POLICY

All non-IT requirements must be purchased in accordance with Article 3 and 3C of General Statutes Chapter 143 and the N.C. Administrative Code 01 NCAC 05, adopted by the Division of Purchase and Contract (P&C) of the Department of Administration.

All IT requirements must be purchased in accordance with Article 3D of General Statutes Chapter 147 and the rules 09 NCAC 06 adopted by the Department of Information Technology (DIT).

If the Department contracts for the purchase or lease of any commodities or services contrary to statutes, or North Carolina Administrative Code (NCAC), such contract shall be void and of no effect. It is the responsibility of all Departmental personnel involved in the procurement process to ensure that contracts are established in accordance with all applicable laws, rules, policies and procedures. Departmental personnel involved in the purchasing process will be held accountable for unauthorized purchases and improper purchasing practices.

2.1 CORRECTION ENTERPRISE

http://www.ncleg.net/EnactedLegislation/Statutes/PDF/ByArticle/Chapter_148/Article_14.pdf

All departments, institutions, and agencies of this State that are supported in whole or in part by the State shall give preference to Correction Enterprises products in purchasing articles, products, and commodities that these departments, institutions, and agencies require and that are manufactured or produced within the State prison system and offered for sale to them by Correction Enterprises.

2.2 POLICIES PROHIBITING DISCRIMINATION, HARRASSMENT, AND RETALIATION IN STATE EMPLOYMENT, SERVICES, AND CONTRACTS UNDER JURISIDCATION OF THE OFFICE OF THE GOVERNOR

http://www.ncleg.net/EnactedLegislation/Statutes/PDF/BySection/Chapter_133/GS_133-32.pdf

As provided in G.S. 150b-2(8A) a-1, State agencies, boards, commissions, and departments under the jurisdiction of the Office of the Governor, shall not:

1. Discriminate, harass or retaliate on the basis of Prohibited Grounds in the provision of government services or in the administration of government programs including, but not limited to, programs and services concerning public safety, health and welfare;
2. Discriminate, harass or retaliate on the basis of Prohibited Grounds in awarding state contracts and state grants; and
3. Permit discrimination, harassment or retaliation on the basis of Prohibited Grounds under any state contracts or subcontracts for the construction of public buildings, other public works, and goods or services which establish that the bids are awarded on the basis of merit and qualifications of prospective contractors

2.3 EXECUTIVE ORDER NO. 50 ENHANCED PURCHASING OPPORTUNITIES FOR NORTH CAROLINA BUSINESSES

<http://ncdoa.s3.amazonaws.com/s3fs-public/documents/EO50.pdf>

A price matching preference may be given to North Carolina resident bidders on contracts for the purchase of goods. A “resident bidder” is a “bidder” that has paid unemployment taxes or income taxes in this State and whose principal place of business is in this State.

This preference will allow a qualified North Carolina resident bidder to match the price of the lowest responsible nonresident bidder, if the North Carolina resident bidder’s price is within five percent (5%) or \$10,000, whichever is less, of the nonresident bidder’s price. If the resident bidder requests and qualifies for the price-matching preference, the resident bidder will first be offered the contract award and it will have two (2) business days to accept or decline the award based on the lowest responsible non-resident bidder’s price.

2.4 NC Governor Roy Cooper October 29, 2018: EXECUTIVE ORDER NO. 80, NORTH CAROLINA CLEAN ENERGY ECONOMY

<https://deq.nc.gov/energy-climate/climate-change/nc-climate-change-interagency-council/climate-change-clean-energy>

Executive Order #80 emphasized North Carolina’s commitment to the 2015 Paris Agreement goals, to include specific targets to be accomplished by 2025. DHHS employees should strive to minimize the environmental impacts by responsible purchasing. DHHS should demonstrate leadership in buying recycled and environmentally preferable (EP) products. The following web sites are excellent resources for these items; we promote reuse, prevent waste, reduce toxicity or conserve energy.

<http://www.p2pays.org/epp/>

2.5 EXECUTIVE ORDER 150, SUPPORT FOR HISTORICALLY UNDERUTILIZED BUSINESSES (HUB)

Promoting and encouraging Historically Underutilized Businesses (HUBs) is central to the economic growth and stability of the State of North Carolina. It is the small and historically underutilized businesses that promote equal opportunity, eliminate barriers and stimulate growth to allow for new businesses to blossom.

Under EXECUTIVE ORDER 25, The Governor established the Advisory Council on Historically Underutilized Businesses to further emphasize the State's priority to promote the recruitment and utilization of HUBs by providing them access to purchasing and contracting opportunities.

DHHS has emphasized the use of certified HUB Businesses, as follows: Purchasing agents, contract specialists and P-Card holders are strongly encouraged to award to and non-competitively award purchases up to \$1000 for certified HUB businesses.

Historically Underutilized Businesses (HUB)

This provision will serve to significantly increase the participation of local certified small businesses in these categories in DHHS contracting opportunities and facilitate the purchases from these businesses. Purchasing agents, contract specialists and P-Card holders should verify certification through the HUB Vendor Search at:

<https://www.ips.state.nc.us/vendor/searchvendor.aspx?t=h> before executing the purchase.

Only certified small businesses are eligible under this set-aside/non-competitive provision.

A waiver of competition is not required for all purchases conducted under this authority.

HUB Vendors can be found on the HUB Office website and searched by commodity or using the E-Procurement Vendor Search. For all solicitations posted to IPS, HUB information is incorporated into the solicitation and OPGC works closely with the Office of Historically Underutilized Businesses to encourage HUB participation.

2.6 ANTI-TRUST

http://www.ncga.state.nc.us/EnactedLegislation/Statutes/PDF/BySection/Chapter_133/GS_133-24.pdf

As provided in G.S. 133-24, every person who shall engage in any conspiracy, combination, or any other act in restraint of trade or commerce declared to be unlawful by the provisions of G.S. 75-1 and 75-2 shall be guilty of a felony under this section where the combination, conspiracy, or other unlawful act in restraint of trade involves: (1) A contract for the purchase of equipment, goods, services or materials or for construction or repair let or to be let by a governmental agency; (2) A subcontract for the purchase of equipment, goods, services or materials or for construction or repair with a prime contractor or proposed prime contractor for a governmental agency.

Some anti-trust violations most likely to arise in a procurement context are commonly known as "price fixing" or "bid rigging" and are also referred to as "collusion". Price fixing among competitors can take many forms. For example, competitors may take turns being the low bidder on a series of contracts or they may agree among themselves to adhere to published list prices.

Any indication or hint that such action is taking place should be reported immediately to the appropriate law enforcement authorities.

2.7 RECIPROCAL PREFERENCE LAW

<https://ncadmin.nc.gov/government-agencies/procurement/procurement-rules/reciprocal-law>

http://www.ncleg.net/EnactedLegislation/Statutes/PDF/BySection/Chapter_143/GS_143-59.pdf

The reciprocal preference law requires that all agencies apply a reciprocal preference, when required, on all contracts for equipment, materials, supplies, and services that exceed \$25,000.00 in value when that state has an in-state preference law. This shall be done for the purpose of determining the lowest bidder.

North Carolina General Statute 143-59(b), requires, for the purpose only of determining the low bidder on all contracts for equipment, materials, supplies, and services valued at over \$25,000.00, a percent of increase shall be added to a bid of a non-resident bidder that is equal to the percent of increase, if any, that the State in which the bidder is a resident adds to bids from bidders who do not reside in that State.

The [North Carolina Administrative Code 01 NCAC 5B.1522](#), requires:

- (a) Each solicitation document used to obtain contracts for equipment, materials, supplies, and services that exceed twenty-five thousand dollars (\$25,000) in value shall include space for a bidder to give their principal place of business address if it is different than the address given in the execution section of the solicitation document. This shall not prevent the agency that issued the solicitation document from investigating this information and concluding that the principal place of business is different, according to their interpretation of G.S. 143-59(c).
- (b) A reciprocal preference shall not be used when procurements are being made under G.S. 143-53(a)(5) and G.S. 143-57.
- (c) For the purpose of this Section, a bidder and offeror, as well as bid and proposal, are interchangeable.

2.8 COMPETITIVE BIDDING

Competition is the cornerstone around which public procurement is built. In its best form, it is a mirror of a free and open economy. North Carolina's purchasing program is built on the principle of competitive bidding. There is a strong preference for competition in all procurement actions to ensure broad vendor participation, price competition, a variety of technical/management solutions, all with the goal of obtaining best value for DHHS. Any exception to competition must be supported by a documented business case explaining why competition could not be achieved.

The importance of seeking competition exists at all levels of expenditure not just in those solicitations above the \$10,000.00 benchmark for DHHS. Below the \$10,000.00 benchmark, the competitive element is just as important and can be sought through some form of informal bidding or quotation.

Fostering competition is a cornerstone of an effective procurement process. It is reflected in the way specifications are written, in searching for new sources of supply, in efforts to make procurement documents user friendly, and in everyday courteousness shown to prospective suppliers and contractors. Seeking fair and open competition is critical to conserving our monetary resources. Price alone should not be considered as the sole criteria for evaluation of competition.

2.9 NON-COMPETITIVE EXTENSION OF EXISTING CONTRACTS

Non-competitive extensions of existing contracts are often the result of failure to plan and project future requirements. Non-competitive extensions are often costly and do not represent the best value for the DHHS and its customers. To mitigate these risks, non-competitive extensions shall be limited to a period of no more than 2, 6-month periods to allow for a follow-on competitive procurement to be completed.

3.0 DELEGATIONS

DHHS Office of OPCG is given a general delegation for non-IT and IT Goods and Services. The general delegation is the dollar amount of commodities, printing and contractual services that DHHS is authorized to purchase, rent, lease, lease purchase, or installment purchase without P&C or SITP approval. The general delegation for DHHS OPCG is \$25,000 for both non-IT and IT goods and services. This delegation may not apply when the goods or services are available on a State Term Contract. When using a State Term Contract, abnormal quantities may apply and OPCG will validate the amounts and seek additional approvals when required. The delegation amounts are cumulative in that at any point a purchase is anticipated to exceed a delegation, the processes and approvals for the higher amount must be followed, which may include P&C or SITP approvals. DHHS Entities must verify if a State Term Contract (STC) exists and meet the requirement and if they determine that the STC cannot, it must be properly documented in the contract file.

OPCG has established Departmental policies, procedures and thresholds for purchases below and above the DHHS general delegation. Delegations, where applicable, do not relieve DHHS Entities of accountability to the Director of DHHS OPCG for all matters relating to the procurement. All procurement must be in accordance with procedures established in this manual, the Administrative Code, and the DOA P&C Procurement Manual and IT Procurement Policy and Procedures Manual.

3.1 GENERAL DELEGATION

The maximum authorized dollar limits (delegation) for purchases of commodities, printing, and services for DHHS is \$25,000. All purchases over \$10,000 must follow formal competitive bidding procedures using the NC Interactive Purchasing System (IPS), unless a waiver of competition has been approved by P&C or SITP.

Purchases shall not be divided into more than one procurement event in order to keep the separate purchases under the general delegation, and thereby avoid the Rules requiring the applicable method for competition.

3.2 SPECIAL DELEGATIONS

P&C and SITP may authorize, by special delegation, the Department to purchase specific commodities, printing, or contractual services without limitation as to the expenditure. Such delegation is normally confined, but not limited to, items and quantities or services which by their nature or circumstance (i.e., perishable, transportation costs, market volatility, local conditions or local availability), would result in their handling serving no practical purpose.

Some special delegations apply to all agencies and some are DHHS specific. All delegations shall be in writing and made a matter of record.

Purchases exempt from DOA - P&C approval does not mean the purchase of the services are exempt from competition but that the competitive process does not require P&C and SITP approval.

3.3 DOCUMENTATION FOR SPECIAL DELEGATION

By special delegation, the DOA - State Purchasing Officer (SPO) may authorize OPCG to purchase specific commodities, printing, or contractual services without limitation as to the expenditure. Such delegation is normally confined, but not limited, to items and quantities, or services which by their nature or circumstance, such as perishability, transportation costs, local conditions or local availability, would serve no practical purpose to be handled by P&C.

All delegations shall be in writing and retained as a matter of record. Unless otherwise specified by the SPO, special delegations are subject to all of the following conditions:

1. All commodities and contractual services covered by term contracts must be purchased in accordance with the instructions of each term contract.
2. Competition must be solicited, where available. If competition is not available, the reason(s) must be documented in the procurement file.
3. Agencies are required to issue their own solicitation documents. This shall also apply to a waiver.
4. The solicitation document shall include North Carolina General Terms and Conditions and any other consistent contract language issued by the SPO, unless prior approval from the SPO is granted to substitute modified language.
5. All transactions shall be documented.
6. Awarding of contracts under a special delegation shall be the responsibility of the agency's Executive Officer (agency head). However, the SPO may require that offers received under such delegations be sent to P&C for determination of the successful contractor.
7. Any controversial matter arising from a special delegation must be brought to the attention of the SPO. All protests on awards greater than \$25,000 must be handled by the SPO.
8. Specific delegations may be subject to additional conditions as determined by the SPO.

These conditions shall be submitted to the agency in writing.

9. P&C shall periodically review all approved special delegations to ascertain the availability of these items or services and their continued suitability for delegation.

4.0 EXEMPTIONS

4.1 EXEMPTIONS (NO-IT)

It is not mandatory for the items and services listed below to be purchased through P&C; however, the Department still requires that normal procurement policies and procedures be followed:

- Perishable articles such as fresh meats;
- Services provided by individuals by direct employment contracts with the State;
- Public utility services (gas, water and electricity);
- Published books, manuscripts, subscriptions to printed material, packaged copyrighted software products, and like material.
- Services provided directly by an agency of the State, federal or local government, or their employees when performing the service as a part of their normal governmental function.
- Contracts for construction of and structural changes to public buildings

4.2 EXEMPTIONS (IT)

- It is not mandatory for the following items to be purchased through DIT.
- Packaged copyrighted software products (i.e. off-the-shelf, retail-type purchases);
- Services provided by individuals by direct employment contracts with the State;
- Services that are merely incidental to the purchase of supplies, materials, or equipment such as installation services;
- Services provided directly by an agency of the State, federal or local government, or their employees when performing the service as a part of their normal governmental function.
- Information technology subscriptions for printed materials or online services.

Information regarding the use of delegations and exemptions granted by P&C and SITP may be found in the P&C Purchasing Manual https://files.nc.gov/ncdoa/pandc/Documents/Contract-Administration-and-Monitoring-Guide/Procurement_Manual_5_8_2013_interactive.pdf and the IT Procurement Policies and Procedure <https://it.nc.gov/resources/statewide-it-procurement-office>.

4.3 UNAUTHORIZED PURCHASES

The following types of purchases and/or contracts will not be entered into by DHHS-Entity:

- (a) Those that provide payment or other compensation to any employee of a DHHS-Entity from any of the DHHS-Entity's corresponding local agencies.
- (b) Those that provide direct payment to any employee of another DHHS-Entity, Department, or State supported University. Such situations should be handled under dual employment guidelines. These situations must be in compliance with the current policies of the Office of State Personnel and the Office of State Budget and Management. "Individuals-on-loan" are included in this prohibition; no direct fee for service payments shall be made by the borrowing agency.
- (c) Those that would provide payment to any person or DHHS-Entity from another state, unless attached justification clearly describes why comparable expertise is not available within North Carolina, or vendor is selected through competitive procedures

From time to time DHHS is audited for compliance by the Department of Administration and the Office of the State Auditor for compliance to purchasing rules, therefore, it is essential that all DHHS-Entities follow these rules and regulations. DHHS will not backdate purchase orders to compensate for unauthorized purchases. We also understand that on occasion special circumstances (true emergencies) arise in which alternative methods might have to be employed; however, these are few and far between

<https://www.ncdhhs.gov/about/administrative-divisions-offices/office-of-procurement-contract-services>

5.0 ACCOUNTABILITY, MONITORING AND TRAINING

DHHS-Entity Directors are responsible for compliance with the North Carolina Administrative Code and General Statutes, DOA P&C Procurement Manual, IT Policy and Procurement Manual, the DHHS Policy and Procedures Manual and DHHS Directives. Directors may delegate authority to carry out functions, but delegation does not relieve them of responsibility and accountability to the Secretary of DHHS for matters relating to the procurement of goods and/or services.

DHHS OPCG will act as a resource and assist division/office/facility/school procurement staff with the procurement of goods and services, pursue resolution of any procurement problems within the department and monitor procurement of goods and services functions within each of DHHS's divisions/offices/facilities/schools. The purpose of monitoring is to insure consistency of procedures within the Department, assist in resolving problems in the procurement of goods and/or services, and to prevent purchasing problems.

Any purchase or procurement of goods or services not in compliance with the policies and guidelines outlined in this manual may result in those responsible being held personally liable for the infractions, including possible repayment of any funds improperly expended.

As rules and regulations change and Divisional turnovers occur, OPCG will provide training to those responsible for purchasing. Depending on the complexity of training needed, this may be combined with the Compliance/Quality Assurance Reviews.

6.0 COMMODITY SPECIFICATIONS

The preparation of suitable specifications is constant and ongoing. For many types of requirements standard specifications developed by DOA P&C are to be used unless it is determined by OPCG that they are not useful to the needed commodity. Sources of information for this purpose are federal, state and other governmental purchasers, standards groups among various industries and manufacturer's associations and technical societies such as the American Society for Testing Materials (ASTM), the Society of Automotive Engineers (SAE), and Underwriter's Laboratories (URL) etc.

Specifications developed by the DOA P&C must determine and select from that which is available in the market and is acceptable. There are several types of specifications as indicated below:

Performance - where function and use of the product needed are the basic requirements.

Design - where particular dimensions and physical requirements of the product and their arrangement are the basic requirements.

Brand Name - where the bidding is limited to a single product and only that product will meet an intended need for certain reasons which must be justified and documented.

Brand Name or Equivalent - where one or more products have the characteristics of the item desired. Performance type specifications are desirable. They tend to be less restrictive, encourage design and production ingenuity on the part of the manufacturer and provide for a better cost-value tradeoff.

A specification, however, cannot be unduly restrictive. Usually more than one make, brand or model is satisfactory to meet a requirement. Therefore, in seeking competition on products which are designed and marketed by the sellers, the specification shall describe the form and/or function of the item rather than the specific make/model or brand, but the particular product or service ultimately acquired and the supplier of it are a result of purchasing decisions made through the evaluation of competitive proposals and of compliance with specifications.

7.0 REPAIRS (NON-CONSTRUCTION)

Purchasing authority for repairs handled by private sector personnel, regardless of cost, is delegated to the using agency. Where materials are being purchased for a repair and using agency personnel will perform the needed repair, the purchase of the materials must be handled in accordance with normal purchasing procedures outlined in this manual.

NOTE: Where any structural changes are to be made in or to an agency owned building, the proposed project should be handled in accordance with construction statutes and rules applicable to each agency. Typically, those contracts will be handled through the State Construction Office, not P&C. (See [G.S. 143-128](#) and [G.S. 143-129](#) concerning building repairs and renovation).

8.0 SERVICE CONTRACTING

The Scope of Work (SOW) is a narrative description of products or services required by a DHHS-Entity. A detailed SOW is an important element of a successful request for quotation/proposal or contract for goods or services, when it is essential to describe the requirement in detail. The requirements contained in the SOW are typically based on the business needs, products, or service requirements. In order to be effective, the SOW must contain an appropriate level of detail, so all parties clearly understand what work is required, the duration of the work involved, what the tasks, milestones and deliverables are required to be met, and the required level of acceptable performance. Developing a clear, concise and effective scope of work is essential to ensure a greater likelihood of successful contractor performance.

9.0 SCOPE OF WORK CONTENT

The Scope of Work (SOW) should include the following components:

- Introduction: *(Give brief description of services required. This section should allow potential offerors to judge whether they are interested in providing the services) (No more than 1-2 paragraphs)*
- Background: *(Describe how the services fit into the using agency's function, legislation or new initiatives that necessitate these services) (No more than 1-2 paragraphs)*
- Objectives: *(Describe the business drivers and state the high-level goals for this project)*
- Scope: *(Describe the work required using narrative or outline as appropriate. Include tasks, schedule, deliverables, milestones, environmental or regulatory constraints, state interfaces, etc. Be as specific as possible, since this will be the basis for evaluating proposals and monitoring the selected contractor's performance.)*
- Description of Work Required:
 - Task(s) To Be Provided by Contractor
 - Timeline for Task(s) Completion
 - Deliverable(s) To Be Provided by Contractor
 - Milestone(s) To Be Met by Contractor
- Performance Standards and Reporting Requirements
- Staffing Requirements
- Resources to be Provided
- Appropriate Reference Documents

10.0 DHHS-INFORMATION TECHNOLOGY DIVISION REVIEW OF CERTAIN PURCHASES

When buying IT goods and services, you must use a best value procurement process which permits the selection of a contractor based on a determination of which proposal offers the best trade-off between price and performance, where quality is considered an integral performance factor. The procurement methods used are selected to result in the best buy for the state in terms of the function to be performed. The award decision is based on multiple factors include total cost of ownership, meaning the cost of acquiring, operating, maintaining and supporting a product or service over its projected lifetime; the evaluated technical merit of the vendor's proposal; the vendor's past performance ; and the evaluated probability of performing the requirement stated in the solicitation on time, with high quality and in a manner that accomplishes the stated business objectives and maintains industry standards compliance.

11.0 PRIVACY AND SECURITY REVIEW OF CERTAIN PURCHASES

At times purchasing requirements may include the release or sharing of Personally Identifiable Information (PII). To assess all new or proposed DHHS programs, systems, technologies or rule-makings for privacy and security risks, a Privacy Impact Assessment may be required to determine the privacy implications of collecting Personally Identifiable Information (PII), including why PII is collected and how it will be used and secured. PII is defined as "personally identifiable information" and is information that can be used directly or in combination with other information to identify a particular individual. It includes:

- a name, identifying number, symbol, or other identifier assigned to a person,
- any information that describes anything about a person,
- any information that indicates actions done by or to a person,
- any information that indicates that a person possesses certain personal characteristics.

To complete a Privacy Impact Assessment, Division's must complete a Privacy Threshold Analysis (PTA) Form with the assistance of the Divisions Privacy and Security Officer (PSO).

[Privacy and Security Contract Language required for all applicable contracts is as follows:](#)

Privacy and Security Contract Language

Compliance with Applicable Laws

The Contractor shall comply with all applicable laws, ordinances, codes, rules, regulations, licensing requirements, electronic storage standards concerning privacy, data protection, confidentiality, and security including those of federal, state, and local agencies having jurisdiction where business services are provided for accessing, receiving, or processing all confidential information.

NC State and Department of Health and Human Services Privacy and Security Requirements

The Contractor shall implement internal data security measures, firewalls, and other security methods utilizing appropriate hardware and software necessary to monitor, maintain, and ensure data integrity

in accordance with all applicable federal regulations, state regulations, DHHS privacy and security policies, and local laws. The Contractor will maintain all security safeguards throughout the term of this agreement. In addition, the Contractor agrees to maintain compliance with the following:

NC DHHS Privacy Manual and Security Manual, both located online at:

<https://www2.ncdhhs.gov/info/olm/manuals/dhs/pol-80/man/>

NC Statewide Information Security Manual located online at:

<https://it.nc.gov/statewide-information-security-policies>

Health Insurance Portability and Accountability Act (HIPAA)

If the DHHS Division or Office determines that some or all the activities within the scope of this contract are subject to the Health Insurance Portability and Accountability Act of 1996, P.L. 104-91, as amended (HIPAA), or its implementing regulations, the Contractor agrees to comply with all HIPAA requirements and will execute such agreements and practices as the Division or Office may require ensuring compliance.

Confidentiality

The Contractor shall protect the confidentiality of all information, data, instruments, documents, studies, or reports given to the Contractor under this agreement in accordance with the standards of the DHHS privacy and security policies, applicable local laws, state regulations, and federal regulations including: the Privacy Rule at 45 C.F.R. Parts 160 and 164, subparts A and E , Security Standards at 45 C.F.R. Parts 160, 162 and 164, subparts A and C (“the Security Rule”), and the applicable provisions of the Health Information Technology for Economic and Clinical Health Act (HITECH). The Contractor shall not disclose or make information available to any individual or organization without the prior written consent of the DHHS Division or Office except permitted by this contract for performing its obligations. The Contractor acknowledges that in receiving, storing, and processing confidential information, it will implement necessary privacy and security measures to safeguard all information.

Encryption and Transmission

The Contractor will implement strong encryption algorithm that meets industry encryption standard criteria as defined by NIST and HIPAA Security Standards to encrypt all confidential information including protected health information (PHI) and personally identifiable information (PII) while in transit to ensure data confidentiality and security.

Data Security

The Contractor shall implement internal data security measures, environmental safeguards, firewalls, access controls, and other security methods utilizing appropriate hardware and software necessary to monitor, maintain, and ensure data integrity in accordance with all applicable federal regulations, state regulations, local laws, and DHHS privacy and security policies. In the event the Contractor obtains

written consent by a DHHS Division or Office to enter into a third-party agreement to whom the Contractor provides confidential information, the Contractor shall ensure that such agreement contains provisions reflecting obligations of data confidentiality and data security stringent as those set forth in the contract.

Duty to Report

In addition to any DHHS Privacy and Security Office (PSO) notification requirements in a Business Associate Agreement (BAA) with a DHHS Division or Office, the Contractor shall report all suspected and confirmed privacy/security incidents or privacy/security breaches involving unauthorized access, use, disclosure, modification, or data destruction to the DHHS Privacy and Security Office at [ncdhhs.gov/about/administrative-divisions-offices/office-privacy-security](https://www.hhs.gov/ncd/about/administrative-divisions-offices/office-privacy-security) within twenty-four (24) hours after the incident is first discovered. If the privacy or security incident involves Social Security Administration (SSA) data or Centers for Medicare and Medicaid Services (CMS) data, the contractor shall report the incident within one (1) hour after the breach is first discovered. At a minimum, such privacy and security incident report will contain to the extent known: the nature of the incident, specific information about the data compromised, the date the privacy or security incident occurred, the date the Contractor was notified, and the identity of affected or potentially affected individual(s). During the performance of this contract, the contractor is to notify the DHHS Privacy and Security Office of any contact by the federal Office for Civil Rights (OCR) received by the contractor. In addition, the Contractor will reasonably cooperate with DHHS Divisions and Offices to mitigate the damage or harm of such security incidents.

Cost Borne by Contractor

If any applicable federal regulations, state regulations, local law, or rules requires the DHHS division/office or the contractor to give affected persons written notice of a privacy or security breach arising out of the contractor's performance under this contract, the contractor shall bear the cost of the notice.

Continuous Monitoring

1. The Contractor shall maintain compliance with the State Chief Information Officer's (CIO) Continuous Monitoring Process mandate, requiring that Contractors hosting state-owned data outside of NC DIT's infrastructure environment work with state agencies to implement a risk management program that continuously monitors risk through the performance of assessments, risk analysis, and data inventory.
2. To comply with this mandate, set forth in N.C.G.S § 143B-1376 http://www.ncleg.net/EnactedLegislation/Statutes/HTML/ByChapter/Chapter_143B.html and based upon NIST 800-137, "Information Security Continuous Monitoring (ISCM) for Federal Information Systems and Organizations", the Contractor shall perform security/risk assessments on its information systems using NIST 800-53 controls to assess its compliance with enterprise security standards as outlined below.

Security Assessment

1. Contractors providing Infrastructure as a Service, Platform as a Service and/or Software as a Service for the state agency are required to obtain approval from the DHHS Privacy and Security Office to ensure their compliance with statewide security policies.
2. To obtain such approval, the Contractor shall annually provide both a written attestation to its compliance and an industry recognized, third party assessment report, such as the Federal Risk and Authorization Management Program (FedRAMP) certification, SOC 2 Type 2, and ISO 27001. State agencies will be required to review these security assessment reports, assess the risk of each vendor, ensure completion of all findings using a Corrective Action Plan (CAP), and provide an annual certification to the Contractor's compliance to the State CIO.

Risk Analysis- NC University Systems and Other State Agencies

For NC University Systems and Other State Agencies: As a part of the continuous monitoring process and in lieu of the security assessment requirements above, the following risk analysis compliance is required:

- 1) The Contractor shall perform a risk analysis, either by using a third-party assessor or by performing a self-analysis, on a three-year cycle (with a third-party analysis mandated every third year).
- 2) The Contractor shall provide a risk analysis for its cloud-hosted providers or off-site hosting service providers.
- 3) The Contractor shall provide all findings identified in this risk analysis to NC DHHS Privacy and Security Office within thirty (30) calendar days of analysis completion, also including a corrective action plan documenting how each finding will be remediated.

The Contractor shall work with the state agency to provide a data inventory of all cloud hosted services, by assisting the state agency with completing a Privacy Threshold Analysis (PTA) documenting the data classification and the data fields hosted within the cloud, offsite, or Contractor-hosted environment. The Contractor shall review a Privacy Threshold Analysis (PTA) with the NC DHHS Privacy and Security Office annually and assist with updating the PTA when changes to the data being hosted occur.

Oversight

Access to Persons and Records: Auditors shall have access to persons and records for all contracts or grants entered by State agencies or political subdivisions in accordance with General Statute 147-64.7. Additionally, as the State funding authority, the Department of Health and Human Services shall have access to persons and records for all contracts or grants entered by State agencies or political subdivision.

Record Retention

Records shall not be destroyed, purged, or disposed of without the express written consent of the DHHS Division or Office. State basic records retention policy requires all grant records to be retained for a minimum of five years or until all audit exceptions have been resolved, whichever is longer. If the contract is subject to federal policy and regulations, record retention may be longer than five years. Records must be retained for a period of three years following submission of the final Federal Financial Status Report, if applicable, or three years following the submission of a revised final Federal Financial Status Report. Also, if any litigation, claim, negotiation, audit, disallowance action, or other action involving this Contract has been started before expiration of the five-year retention period described above, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular five-year period described above, whichever is later. The record retention period for Temporary Assistance for Needy Families (TANF) and MEDICAID and Medical Assistance grants and programs is a minimum of ten years. The record retention period for the Health Insurance Portability and Accountability Act (HIPAA) is six years. For the Internal Revenue Service (IRS) and the Social Security Administration (SSA), the record retention period is seven years.

12.0 HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA) BUSINESS ASSOCIATE AGREEMENT (BAA)

The following requirements apply to contracts that must be enhanced to comply with Standards for Privacy and Security of Individually Identifiable Health Information at 42 CFR part 160 and 164, subparts A and E.

1. In addition to general contract requirements described in this manual, DHHS entities that are designated as HIPAA Covered Health Care Components are required to develop an agreement that reflects additional requirements for ensuring the privacy and security of individually identifiable health information that is shared with contractors.
2. The privacy and security requirements shall be set forth in an addendum to the DHHS standard solicitation and/or contract and shall be titled "Business Associate Addendum". Specifications in this agreement shall be consistent with HIPAA requirements and shall include:
 - Obligations of Business Associate
 - Permitted Uses and Disclosures
 - Assurance of Availability, Confidentiality and Integrity
 - General Terms and Conditions

Division PSOs should be consulted.

<http://info.dhhs.state.nc.us/olm/manuals/dhs/pol-80/man/index.htm>

13.0 REVIEW OF PURCHASES AND SERVICE CONTRACTS FOR SAFETY AND HEALTH CONCERNS

The DHHS Division of Human Resources, Safety and Benefits Section has developed a departmental policy to address purchases and contracts to assure that items purchased for the department, and entities contracted by the Department comply with applicable safety and health standards and do not expose department employees to safety and health hazards.

All purchases and contracts must comply with the departmental safety policy. See the Safety and Benefits, Review of Purchases and Service Contracts for Safety and Health Concerns Policy for detailed requirements and contact information for any questions about the policy or its requirements.

[Review of Purchases and Service Contracts for Safety and Health Concerns Policy](#)

14.0 AGENCY/VENDOR COMPLAINT SERVICE

<https://ncadmin.nc.gov/government-agencies/procurement/bid-forms>

For Term Contracts and purchases \$25,000.01 and above, a centralized agency complaint service has been set up within the DOA P&C, to handle problems that arise between agencies and vendors. When a problem arises with a vendor, whether it is late delivery or incorrect commodities shipped, etc., the first step is to contact the vendor directly in an effort to resolve the problem. If the problem is not resolved satisfactorily within a reasonable time period or it becomes a recurring problem, then this problem will be reported by OPCG to the DOA P&C for their involvement for resolution.

The [Complaint to Vendor Form](#) is the proper vehicle for reporting complaints against vendors. Copies of this three-part form may be obtained from the DOA P&C at the URL address provided above. The form is sent to OPCG. OPCG prepares a file and forwards the original copy to DOA P&C. Once this information is received by the DOA P&C, it will be logged into the system and directed to the appropriate purchasing group. A purchaser will then work with the vendor and the agency to resolve the complaint. DOA P&C will be in contact with the purchaser at the DHHS entity for additional information or to report progress in resolving the complaint.

For complaints on purchases handled by OPCG, contact OPCG purchaser that handled the purchase.

15.0 PURCHASING PREFERENCES AND PRIORITIES

15.1 PREFERENCE FOR DIVISION OF ADULT CORRECTION AND JUVENILE JUSTICE OF THE DEPARTMENT OF PUBLIC SAFETY PRODUCTS

In accordance with [North Carolina General Statute 148-134](#) all departments, institutions and agencies of this State shall give preference to Correction Enterprises (CE) products in purchasing articles, products, and commodities that these departments, institutions, and agencies require and that are manufactured or produced within the State prison system and offered for sale to them by Correction Enterprises. Any

item or service that is available from CE should be ordered from them. If items are available from CE but not desirable, the request must have a justification indicating why the products and services do not meet the standard specifications and the reasonable requirements of DHHS. CE is exempt from competitive bidding; however, CE is required to keep the price of products and services in accord with industry market for similar products and services.

15.2 TERM CONTRACTS

All goods or services covered by State Term Contracts (STC) and Agency Specific Contracts, must be ordered from the contractors listed for the specific term contract. You can find a list of all STCs on the P&C website. You can search the contracts by [Key Word Listing](#). Exceptions to this requirement include:

1. The Term Contract is identified as a Convenience Contract (not required to be used);
2. Product or Service is available through CE.
3. The contract is an IT State Term Contract. In this case, visit the [Department of Information Technology website](#) to view IT Contracts.

15.3 NONPROFIT WORK CENTERS FOR THE BLIND AND THE SEVERELY DISABLED

DHHS may purchase goods and services, that are not IT related, directly from a nonprofit work center for the blind and severely disabled as long as:

1. The purchase of goods does not exceed \$10,000 (no limit on services).
2. The goods or services are not available from CE.
3. The goods or services are not available under a Term Contract

16.0 PROCUREMENT METHODS

There are various methods of procuring goods and services. The procurement method used is based on the anticipated dollar amount of the purchase and type of good or service being procured.

16.1 NON-IT GOODS AND SERVICES

Non-IT goods and services shall be procured following P&C Rules and Guidelines. NC Administrative Code [01 NCAC 05 Subchapters A-D](#), provides the definitions and rules governing procurement of goods and services, along with the North Carolina Procurement Manual.

- a. **Values Up to \$5,000.** Requisitions valued up to \$5,000 are considered small purchases. The use of competitive quotes or bids is preferred, whenever practical. Efforts must be exercised to seek a HUB or NC Vendor, for the initial request.
- b. **Values between \$5,000 and \$10,000.** Requisitions valued between \$5,000 and \$10,000 requires the use of competitive e-quotes or written quotes (RFQs) from prospective Vendors. Efforts must be exercised to seek a HUB or NC Vendor, for the initial request.

- c. **Values between \$10,000 and \$25,000.** For goods and services between \$10,000 and \$25,000 not on a State Term Contract, competitive bids must be solicited by OPCG. OPCG will post solicitations to the Interactive Purchasing System (IPS). Efforts must be exercised to seek a HUB or NC Vendors to advertise to.
- d. **Values Over \$25,000.** For goods and services over \$25,000 and not on a State Term Contract, competitive bids must be solicited at the direction and approval of P&C. For goods, OPCG submits the requisition and draft solicitation document to P&C for review and P&C will post the solicitation to IPS. Solicitations for services will be posted to IPS by OPCG. Efforts must be exercised to seek a HUB or NC Vendors to advertise to.

16.2 IT GOODS AND SERVICES

IT goods and services shall be procured following Statewide IT Procurement Rules and Guidelines. NC Administrative Code [09 NCAC 06 Subchapters A and B](#) provides the definitions and rules governing procurement of IT related goods and services, along with the SITP Procurement Manual.

- a. **Values Up to \$10,000.** Requisitions valued up to \$10,000 are considered small purchases. The use of competitive quotes or bids is preferred, whenever practical. Efforts must be exercised to seek a HUB or NC Vendor, for the initial request.
- b. **Values between \$10,000 and \$25,000.** Requisitions valued between \$10,000 and \$25,000 requires the use of competitive e-quotes or written quotes from prospective Vendors. Efforts must be exercised to seek a HUB or NC Vendor, for the initial request.
- c. **Values Over \$25,000.** For goods and services over \$25,000 and not on a State Term Contract, competitive bids must be solicited at the direction and approval of SITP. OPCG submits the requisition and solicitation document to SITP for review and approval to post to the Interactive Purchasing System (IPS). The solicitation will be posted to IPS by OPCG. Efforts must be exercised to seek a HUB or NC Vendors to advertise to.

16.3 CONTRACTS \$1 MILLION AND \$5 MILLION (NON-IT)

Pursuant to [NC GS 143-50.1](#), solicitations that are estimated to be more than \$1 Million are subject to review and approval by the P&C Contract Management Section, to ensure they are in proper legal form, contain all clauses required by law, are legally enforceable and require performance that will accomplish the intended purposes of the proposed contract. Additionally, the Contract Management Section will assist DHHS with establishing formal contract administration procedures and functions with advisement to personnel in contracting specialist roles regarding appropriate contract management and administrative techniques and activities.

Solicitations that are estimated to be more than \$5 Million are subject to collaboration with the Attorney General, for review of proposed non-competitive contracts for services.

17.0 PROCUREMENT SYSTEMS

DHHS uses the E-Procurement System as its primary system for requesting and completing purchases. The use of Procurement Cards (p-cards) and Direct Pay situations are secondary methods and are considered exceptions to the normal procurement process.

17.1 NC E-PROCUREMENT SYSTEM

DHHS utilizes the State's E-Procurement System as the mandatory system for requesting and completing purchases. <http://E-Procurement.nc.gov/>. There are several advantages to utilizing the E-Procurement System (E-Procurement). These include:

1. Defined approval flow to ensure appropriate approvals obtained and recorded;
2. Funds are encumbered with issuance of purchase order;
3. Ability to attach notes and documents, such as business justifications, supplemental information, copies of executed contracts;
4. Ability to utilize e-quote to seek and document competition while incorporating the State's Terms and Conditions;
5. Receiving of goods and services for payment upon invoicing;
6. Reporting capabilities; and
7. Auditing and tracking functions.
8. Tracking awards to HUB businesses

17.2 E-PROCUREMENT REQUISITION PROCESS ():

1. The Requisitioner logs into E-Procurement and creates a requisition (RQ).
 - a. **Catalog Items** are items considered as State Term Contract items and are listed in the system. If the item(s) is available in a punch-out catalog, the requisitioner can pull the item(s) directly into the RQ. Instructions on entering State Term Contract Catalog Items can be found on the [E-Procurement User Training Site for Catalog Items](#).
 - b. **Non-Catalog Items** are items considered not on State Term Contract and the end user has a quote or the items are available from a STC Vendor and a catalog is not loaded. For these items, a non-catalog request is entered onto the line. Instructions on entering State Term Contract Catalog Items can be found on the [E-Procurement User Training Site for Non-Catalog Items](#). The RQ should include, either as an attachment or in the notes, the business justification, funding source (if known), details or specifications if needed to support the item(s) or services, and a sample quote if available.

Note:

Hard Copy Quote - An initial hard copy quote is required for all non-catalog requests. If a hardcopy quote is not provided explanation of proposed pricing must accompany the business justification in the Comments section of the requisition. All quotes must be scanned and attached to the requisition.

Transportation Charges - The NC E-Procurement transaction fee is not assessed on freight charges that are clearly broken out on the requisition. All quotes should be requested from suppliers for FOB destination on small purchases (\$5,000 or less). Requisitioners should enter freight charges in E-Procurement as a separate non-catalog line item. Freight line items should be assigned the freight commodity code 962-86 Transportation of Goods. It is important to use the freight commodity for freight or shipping to make sure it is correctly identified.

2. The RQ is processed through the approval flow to obtain approvals. This occurs automatically in the system, with the RQ moving to the next approval in the approval flow.
3. OPCG reviews the requisition and completes it as appropriate. This may include obtaining e-quotes or formal written quotes or working with the Business User/Owner to draft the appropriate Solicitation Document to be issued. OPCG may request additional information to draft supporting memos to P&C, SITP, or the Office of State Budget Management (OSBM).
4. OPCG issues the purchase order to the Vendor.
5. The Requisitioner confirms receipt of the item(s) or services and “receives” the items/quantity in E-Procurement.
6. Invoices are submitted to the Division for validation of receipt in accordance with the contract and purchase order. Discrepancies or issues are resolved with the Business Owner and Vendor as needed.

17.3 NORTH CAROLINA ACCOUNTING SYSTEM (NCAS)

NCAS is utilized to encumber funds and generate purchase orders for procurement requests that are not processed through the NC E-Procurement System.

17.4 PROCUREMENT CARDS (PCARDS)

Procurement cards (organizational charge cards) are for official use only and shall be used in accordance with [01 NCAC 05B .1523](#) and with the statewide contract established and maintained by the DOA, Division of Purchase and Contract, the [DHHS Procurement Card Policy and Procedures Manual](#). Use of procurement cards by any agency is contingent on satisfactory compliance review, as determined by the DOA, Division of Purchase and Contract. As the State's electronic procurement system is implemented, it shall be used to the fullest extent possible, including issuance of purchase orders. Procurement cards may be used as a payment mechanism within e-procurement if permitted by fiscal policies of the DHHS.

P-Card holders are authorized to make all purchases up to \$2,500.00. Purchases against State Term Contracts are authorized up to \$5,000. None of these purchases require approval by OPCG (see DHHS

Procurement Card Policy and Procedures Manual, updated October XX, 2018) nor will these purchases be processed through OPCG.

For Roles and Responsibilities of the OPCG Procurement Card Program Administrator, Division Procurement Card Administrators, and Procurement Cardholders, see the

[Procurement Card Policy and Procedures Manual - NC.gov](#).

17.5 DIRECT PAY TRANSACTIONS

Direct Pay purchases may be necessary from time to time and should be the exception instead of the rule. Some direct invoice purchases are specifically permitted for a defined group of purchases, such as payment for goods or services from other NC Departmental Agencies (Department of Public Safety, Department of Information Technology, Department of Administration, etc...), freight, postage, and professional dues and memberships. The following actions will need justification for payment from the Division Director before the DHHS Controller and the Assistant Secretary for OPCG will approve for Direct Pay processing:

- Contracts that have expired or services incurred prior to a contract being put in place
- Cost incurred for construction, renovation, and/or lease expenses when the contract has expired or where no purchase order is in NCAS or e-procurement

Invoices shall be approved by the appropriate responsible authority and submitted to the DHHS Controllers office in accordance with the [DHHS Policy for Processing Direct Payment Invoices](#).

18.0 CONTRACT TYPES AND SOLICITATION METHODS

There are a variety of solicitation methods in place to use based on the type of goods and services being purchased and the estimated cost. Each method incorporates the State's Terms and Conditions. Each also assists OPCG in complying with state- mandated HUB (Historically Underutilized Businesses) regulations, the purchase of recycled goods regulations, price matching preference for North Carolina resident bidders, and requirements involving ethics and integrity. OPCG utilizes the templates and forms created by P&C and DIT to create solicitations. These templates and forms are updated as needed to incorporate statutory and rule changes. Below is a table that explains the different methods. Remember however, OPCG will determine the correct solicitation method and work with the divisions and Business Users to confirm requirements, specifications, and develop the solicitation.

There are several contract types that will determine which solicitation shall be used.

Contract Types include:

- 1. Open Market Contract**
- 2. Agency Specific Term Contract**
- 3. Memorandum of Understanding (MOU).** This type of request should only be ensued in situations that involve agreements between DHHS and another governmental agency. Exceptions should be approved by the Assistant Secretary. The DHHS Agency Contract Specialist will help develop the MOU. Under this type of an agreement, competition is normally not pursued.
- 4. Consultant Contracts.** Personal Service Contracts are for “professional” personnel whose expertise is needed only for a short-term basis (not permanent). Such services are primarily for review, analysis or advice in formulating or implementing improvements in programs or services. All Consultant Services, outside of Temp Solutions and Short-Term Staffing State Term Contracts must be approved by P&C and the Governor’s Office. The request must include an endorsement letter from the Secretary of DHHS and the following must be included in the business justification:
 - a. What services the Business User desires to secure;
 - b. Why the work to be performed by the consultant cannot be reasonably accomplished by employees of the requesting agency;
 - c. Why the work to be performed relates to the proper functions of the agency;
 - d. What benefits the agency expects to receive from the consultant’s services;
 - e. What the agency estimates to be the cost of the services sought;
 - f. What potential sources of consultant services, if any, the agency has identified and; If DHHS is requesting authority to contract for consulting services outside of State government, detail as to what potential sources exist in State government and why the desired services are not available from those sources.

IT Contracts. All IT requests above \$25,000 will be required to have approval from SITP to Post and Award. The solicitation will follow the SITP policies and procedures for processing the request. DHHS internal process shall submit a requisition to SITP with:

- g. Initial Quote for goods or services
- h. Business Justification Memo
- i. Draft solicitation document
- j. Any required Hosting or Standards Exceptions approvals

Non-IT Contracts. All non-IT requests above \$10,000 will be processed and approved through P&C. The solicitation process will follow the P&C policies and procedures for processing the request.

18.1 SOLICITATION METHODS

OPCG will review all requests and determine the type of competitive bid solicitation shall be used. These different type of solicitation methods available are listed in the below table.

Request for Information (RFI)	e-Quote	Request for Quotes (RFQ)
<ul style="list-style-type: none"> • Informal written solicitation document • Used to request information about good or services when there is insufficient information to write specifications • Brief description of current environment or problem and needs may be provided • May request manufacturer's list price, but does not request Vendor's price or cost • Only respondent's names are disclosed at due date and time • Formal evaluation not required • Responses do not constitute offers, negotiation do not occur • No award results from issuance • Are confidential until award from a future/proposed procurement occurs or the agency does not intend to rebid or continue the procurement action 	<ul style="list-style-type: none"> • Electronic request for quote in the E-Procurement system • Incorporates State's Terms and Conditions • Needs are clear • Minimum specifications or scope of work provided • Requests price/costs • Evaluation committee is not required due to award method being lowest cost meeting specifications • Award is made to the lowest responsive and responsible bidder • Used for IT Goods and Services under \$25,000 • Used for Non-IT Goods and Services under \$10,000 	<ul style="list-style-type: none"> • Informal written solicitation document that includes the State's Terms and Conditions • Generally used to purchase goods and services under \$10,000 (Non-IT) and \$25,000 (IT), or when competition is waived • Needs are clear • Minimum specifications or scope of work are provided • Requests price/costs • Formal bid opening is not required • Evaluation committee not required when award method is lowest cost meeting specifications • Negotiations are allowed with the lowest responsive and responsible bidder, if there is only one source of supply; or if the State does not receive an offer that is advantageous, and all offers are rejected. • Award is typically made to the lowest responsive and responsible bidder.
Invitation for Bids (IFB)	Request for Proposals (RFP)	Best and Final Offer (BAFO)

<ul style="list-style-type: none"> • Formal written solicitation document • Used to purchase non-IT goods and services over \$10,000 • Used for IT goods and services over \$25,000 (can apply to lower cost purchases when e-quote not the best method) • Needs are clear • Minimum specifications or scope of work are provided • Requests price/costs • Evaluation committee is not required when award method is lowest cost meeting specifications • Negotiations are not allowed when using lowest cost meeting specifications • Award is typically made to the lowest responsive and responsible bidder 	<ul style="list-style-type: none"> • Formal written solicitation document • Primarily used for procuring complex goods and/or services • Needs may not be clear • Scope of work and minimum specifications, if available, are provided • Requests cost • Evaluation committee is required • Negotiations are allowed if specified in the document • Award is based on criteria identified in the document. Factors other than cost can be considered, but cost must be a factor, and defined within the document. 	<ul style="list-style-type: none"> • Formal written solicitation document • Used to finalize negotiations if specified/allowed in the solicitation document. • Needs are usually clear • Tailored specifically for each Vendor; items being negotiated are provided • Cost may be negotiated • BAFOs are not publicly opened • Considered during the evaluation process
---	---	--

18.2 SOLICITATION PROCESS FOR COMPETITIVE BIDS

The solicitation process for competitive bids encompasses several steps. These steps are managed by OPCG and the Division in conjunction with the responsible respective lead agency (P&C or SITP). The processes differ and change from time to time for each agency, but generally include:

1. Preparation of solicitation draft,
2. Determination of appropriate contract terms and conditions (P&C or SITP),
3. Determination of Evaluation Criteria,
4. Determination of pre-bid conference or site visit needed,
5. Determination of solicitation schedule (to include consideration for Q&A submissions),
6. Review and approval of final solicitation draft by respective lead agency,
7. Issuance of solicitation,
8. Site Visit (if applicable),
9. Bid Opening,
10. Review of solicitation requirements to be considered a responsible response,
11. Delivery of responses to Business Owner/Team in a Bid Packet,
12. Evaluation of responsible responses,
13. Award Recommendation processing,
14. Review/Approval of respective lead agency,
15. Award Processing of contract by DHHS, and
16. Notice of Award to Contract Manager, Vendor and lead agency

18.3 WAIVER OF COMPETITION

One of the basic principles of public purchasing is to obtain fair and open competition by soliciting multiple responses whenever possible. However, there are instances when competition may be waived. Specific conditions for waiver of competition for non-IT goods and services are listed in [01 NCAC 05B.1401](#). Specific conditions for waiver of competition for IT goods and service are listed in [09 NCAC 06B.0901](#). Procurement of goods and services over \$5,000 (Non-IT) or \$10,000 (IT) **MUST INCLUDE** competition unless an approved Waiver of Competition is attached to the purchase. Either the OPCG Waiver of Competition Justification Form (Non-IT requests) or the SITP Standards Exception Form B (IT requests) must be completed and submitted to OPCG for each waiver of competition request.

1. Determination/Approval

Determination to waive competition is the responsibility of OPCG.

- a. When the purchase is within DHHS's delegation, OPCG will determine that competition may be waived and document the appropriate condition(s) justifying the waiver of competition.

- b. When the purchase is outside of DHHS's delegation, OPCG will determine that competition may be waived and seek approval from the appropriate oversight agency.

2. Brand Specific (Limited Competition) Request

Brand Specific rationale can be used when the requirement can be met only by the exact specifications offered by a particular piece of equipment made by the manufacturer. A Brand Specific Justification must explain why the product is singularly able to meet the requirements of the user and most conclusively support the determination that no other product can fulfill the user's needs. Common examples include standardization and compatibility with existing equipment/systems or where a specific product is required to complete an ongoing task.

3. Sole Source Request

Vendor Specific or Sole Source rationale can be used only when the requirement can be met by a unique good or service that is not offered by any other Vendor. As part of a Sole Source Request, the Vendor must provide a memo to OPGC affirming that they are the sole supplier of the goods or services requested, affirm they do not have resellers, and state if the good/service is proprietary in nature (such as software). It is possible for a Vendor to be the only supplier due to specific certifications or licenses required by DHHS. In that event, the Vendor should include in their memo the required certifications or licenses held, and DHHS should document what the certifications or licenses are required. Sole source requests should be an exception as DHHS has a strong preference for competition.

18.4 SELECTION METHODOLOGY

1. Unless otherwise stated, contract awards are generally based on the best bid meeting the specifications (most advantageous to the State) at the lowest cost. This is generally an acceptable approach for well-defined requirements.
2. For more complex equipment and/or services, it is more appropriate to use the Best-Value Tradeoff method.

The solicitation must be clear as to which method is being used. When using the Best-Value tradeoff method, the solicitation must state that it is in the State's best interest to award to other than the lowest priced offer or other than the highest technically qualified offer.

The solicitation must clearly lay out the evaluation factors in descending order of importance, generally starting with the most important criterium and must include past performance references and price.

18.5 EVALUATION METHODOLOGY

When evaluating proposals under a Best Value Tradeoff process, evaluators must clearly articulate their evaluations, to include strengths, weaknesses, items for clarification and items for negotiations. While a point system may be used, an adjectival or a color rating may be preferable as it provides more flexibility.as follows:

1. Technical Rating Method – Color Rating

Color Rating	Definition/description
Blue	Proposal indicates an exceptional approach and understanding of the requirements and contains multiple strengths
Purple	Proposal indicates a thorough approach and understanding of the requirements and contains at least one strength
Green	Proposal indicates an adequate approach and understanding of the requirements
Yellow	Proposal has not demonstrated an adequate approach and understanding of the requirements
Red	Proposals does not meet requirements of the solicitation and, contains one or more deficiencies and is not awardable as proposed

1. Technical Rating Method – Adjectival Rating

Adjectival Rating	Definition/description
Outstanding	Proposal indicates an exceptional approach and understanding of the requirements and contains multiple strengths
Good	Proposal indicates a thorough approach and understanding of the requirements and contains at least one strength
Acceptable	Proposal indicates an adequate approach and understanding of the requirements
Marginal	Proposal has not demonstrated an adequate approach and understanding of the requirements
Unacceptable	Proposals does not meet requirements of the solicitation and, contains one or more deficiencies and is not awardable as proposed

Past performance/reference information should be evaluated both in terms of currency of the information provided and relevance to the requirement. An offeror may have excellent past performance history; however, if the effort was not relevant to the requirement being competed, the information is not helpful to the evaluators

Evaluation of Contractor Past Performance

1. Past Performance Relevancy Rating Method

Adjectival Rating	Definition/description
Very Relevant	Present/past performance effort involved essentially the same scope and magnitude of effort and complexities this solicitation requires
Relevant	Present/past performance effort involved similar scope and magnitude of effort and complexities this solicitation requires
Somewhat Relevant	Present/past performance effort involved some of the scope and magnitude of effort and complexities this solicitation requires
Not Relevant	Present/past performance effort involved little or none of the scope and magnitude of effort and complexities this solicitation requires

2. Past Performance Confidence Assessment Rating

Adjectival Rating	Definition/description
Substantial Confidence	Based on the offeror's recent/relevant performance record, the Government has a high expectation that the offeror will successfully perform the required effort
Satisfactory Confidence	Based on the offeror's recent/relevant performance record, the Government has a reasonable expectation that the offeror will successfully perform the required effort
Neutral Confidence	No recent/relevant performance record is available, or the offeror's performance record is so sparse that no meaningful confidence assessment rating can be reasonably assigned. The offeror may not be evaluated favorably or unfavorably on the factor of past performance
Limited Confidence	Based on the offeror's recent/relevant performance record, the Government has a low expectation that the offeror will successfully perform the required effort
No Confidence	Based on the offeror's recent/relevant performance record the Government has no expectation that the offeror will be able to successfully perform the required effort

Evaluation of proposed vendor employees and submission of resumes for evaluation is discouraged. There is no guarantee that the resumes evaluated will actually end up being hired, and the State should not be approving vendor employee resumes. It is more prudent to set an experience requirement (if that is truly a must-have) or identify only key personnel for limited positions to approve.

The evaluation team should identify the following:

Evaluative Determination	Definition
Significant Strength	A proposal area that greatly enhances the potential for successful performance or contributes significantly toward exceeding the contract requirements in a manner that provides additional value to the Government
Strength	A proposal area that enhances the potential for successful performance or contributes toward exceeding the contract requirements in a manner that provides additional value to the Government
Weaknesses	A flaw in the proposal that increases the risk of unsuccessful contract performance
Deficiency	A material failure of a proposal to meet a government requirement or a combination of significant weaknesses in a proposal that increases the risk of unsuccessful contract performance to an unacceptable level
Items for Negotiations (IFNs)	Proposal areas that require further clarification in order to be scored allowing the contractor to provide additional information/clarification

18.6 COMPETITIVE RANGE

At the conclusion of the evaluation, the contract specialist may set a competitive range to include only the most highly qualified vendor proposals. Once the competitive range has been determined, the contract specialist shall use the results of the evaluation and enter into negotiations.

Negotiations offer the opportunity to change the content and pricing after bid opening. Negotiations should be based on the items for negotiations identified by the evaluators. Upon conclusion of the negotiations, the State issues a Request for Best and Final Offer (BAFO) to formally document the results of the negotiations. Final award recommendations will be made based on the totality of the documentation, to include negotiation notes, BAFOs and responses to BAFOs.

19.0 PROCUREMENT LEADTIMES

Sufficient lead-time must be given to solicit bids, request quotes, complete evaluation, place the order and ensure timely delivery. The following lead times are at the point of OPCG receiving the request, for the type of procurement to the Order Point (in business days). NOTE: Leadtime's are based on the receipt of a complete procurement package.

Procurement Type	Description	Estimated Lead Time	Notes
Small Purchase	Non-IT (\$0 - \$5,000) IT – (\$0 - \$10,000)	1 - 3 Days	If a HUB Vendor is not selected to acquire initial quote, OPCG will research opportunities available.

eQuote or RFQ	Non-IT – (\$5,000 - \$10,000) IT – (Greater than \$10,000, up to \$25,000)	5 - 7 Days	If procurement involves software or hardware or processing of DIT Exception process, ELT may be extended due to additional DIT required approvals.
Non-IT - Formal Bid Solicitations			
IFB	Non-IT – (\$10,000+) Solicitations involving a defined scope of work, requirements or specifications, that require pricing	60 - 90 Days	Normally lowest cost meeting specifications.
RFP	Non-IT – (\$10,000+) Solicitations that are complex in nature and are requesting solutions for a project	60 – 120 Days	Normally Best Value. The complexity of project, evaluations, presentations, negotiations and P&C review may impact lead time.
IT – Formal Bid Solicitations			
IFB	IT – (\$25,000+) Solicitations involving a defined scope of work, requirements or specifications, that require pricing	60 – 180 Days	Normally lowest cost meeting specifications or best value.
RFP	IT – (\$25,000+) Solicitations that are complex in nature and are requesting solutions for a project	90 – 180 Days	Normally Best Value. The complexity of the project, evaluations, presentations, negotiations and SITP review may impact lead time.

20.0 FILE CLOSEOUT CHECKLIST

It is the responsibility of each DHHS Entity's Contract Administrator to ensure that the work under the purchase agreement/contract has been completed and the agreement is ready for Closeout prior to final payment. This checklist can serve as a tool to assist the agency during that process. The Closeout file should contain all necessary documentation relative to the agreement at the time of Closeout.

Final payment shall never be made until all work is complete and all deliverables are received and accepted.

The purpose is to verify that both parties to the contract have fulfilled their contractual obligations and there are no responsibilities remaining. In addition, contract Closeout is the time to assess the success of the contract and determine if there are any lessons learned for future contracting.

Please remember that Federal ID Numbers and Social Security Numbers are not public information and should be destroyed, made confidential, or redacted from the file.

To initiate the Closeout process, the agency should first determine that the contractor has satisfactorily performed all required contractual obligations. A contract is ready for Closeout when:

1. All deliverables, including reports, have been delivered and accepted by the agency. Contract administrators should compare actual performance against performance measures, goals and objectives to determine whether all required work has been completed;
2. All monitoring issues have been resolved;
3. All property inventory and ownership issues are resolved including disposition of any equipment or licenses purchased under the contract;
4. Final acceptance from the Project Manager has been received (if applicable);
5. Contractor is aware of and in compliance with records retention requirements and a plan has been developed for contract file maintenance;
6. Any deficiencies found as part of the Closeout process are documented and communicated to all appropriate parties; and
7. Final payment has been made.

It is recommended that agencies have a Closeout process for contracts that allow sufficient time to finalize Closeout procedures including completion of all final obligations and issuance of payments. Good contract management and administrative procedures require that contracts be closed out and filed, not open or unresolved for an extended amount of time beyond the expiration date.

21.0 PROCUREMENT FILE MAINTENANCE

A procurement file should be created for each procurement (equipment, goods or services) transaction. Each file should contain all documents relative to the procurement of equipment, goods or services. All files need to be reviewed by the Purchaser to ensure that each contains the following hard copy documents, as applicable:

Requisition

1. Required approval to proceed with acquisition
2. Original offers if in writing, or written documentation of verbal offers received (confidential data meeting State requirements is to be removed and filed in accordance with policy on Confidentiality)
3. Selection justification or reason for cancellation
4. Worksheets/evaluations
5. Distribution list, if used
6. Written justification for waiver or emergency purchase
7. Tabulation of offers received
8. Copy of purchase order(s)
9. Related correspondence
10. Reason(s) for receiving only one offer in response to a solicitation
11. P&C or SITP contract certification
12. BAFOs
13. Negotiated contracts
14. Verification that debarment status was checked
15. Did Reciprocal Preference apply, and if so, how
16. Reasons for not accepting technical proposals
17. Approval from applicable Purchase Order/Contract Award Authority;
18. Executive Order 50 documentation (goods only)

After award of contract all material in the file, except appropriately marked confidential information, becomes public record. All purchasing records shall be maintained for a period of five years after the expiration date of the contract. Each file shall be identified individually so it can be readily located and referenced.

If assigned an IFB or RFP number, the closed file shall be filed in the appropriate bid or proposal file area. If the file went to P&C or SITP for their approval or handling, then the file is to be filed in the appropriate file area that contains files identified by the P&C or SITP file number.

22.0 PUBLIC RECORDS REQUESTS

The public may request to see an awarded or canceled procurement. This is formally called a public records request. The State is required to make available the procurement files as public records, however there are general procedures to follow concerning this request:

1. The public must schedule an appointment to view the files during normal working hours.
2. All documents marked "Confidential" must be removed from the file prior to public viewing.
3. Pricing or total cost awarded is always public record and cannot be designated as "Confidential," ever.
4. A minimal cost should be charged for use of the State's paper, toner and equipment. This charge cannot be more than the actual cost to copy the records. Normally, the charge cannot include employee time.
5. If a procurement request is canceled and it is anticipated to be rebid in the near future, then the canceled procurement file shall remain confidential until after an award is made.

23.0 GLOSSARY

Addendum: Form used to make changes or corrections to a bid solicitation or answer vendor questions submitted prior to the closing date of the bid solicitation.

Agency: All departments, institutions, boards, commissions, universities, or other units of the State (including the Division of Purchase & Contract), and community colleges and local school administrative units, unless specifically exempted herein by reference.

Agency Specific Term Contract: A contract administered by the Department of the Health and Human Services that enables the end user to purchase commodities or services at a set price for a pre-determined period of time. An Agency Specific Term Contract results from a contract awarded on the basis of the competitive bidding process. Most Agency Specific Contracts are for a 12-month period but can be awarded for longer or shorter periods of time. If the contract value exceeds \$25,000.00, it must be approved and may be advertised by the DOA P&C or SITP.

Best and Final Offer (BAFO): BAFO is a formal document that is used to finalize negotiations with a vendor. Negotiations can be used in single source situations or with the best value trade-off method of procurement.

Best Value Procurement: The terminology used in G.S.143-135.9 that allows the selection of a contractor based on a determination of which proposal offers the best trade-off between price and performance, where quality is considered an integral performance factor. The award decision is made based on multiple factors, including: total cost of ownership, meaning the cost of acquiring, operating, maintaining, and supporting a product or service over its projected lifetime; the evaluated technical merit of the vendor's proposal; the vendor's past performance; and the evaluated probability of performing the requirements stated in the solicitation on time, with high quality, and in a manner that accomplishes the stated business objectives and maintains industry standards compliance.

Blanket Purchase Order – Blankets have a very limited use. They are for a period of one year or less and are limited by quantity or dollar value whichever is reached first. This enables the customer to purchase a commodity(ies) at a set price for a predetermined period of time.

Brand Specific Justification – A detailed explanation stating reason(s) your particular commodity(ies) must be produced by a particular manufacturer. The explanation should give specific examples of why an equivalent commodity meeting the same specification will not meet your needs.

Bulk Order Purchasing – Orders for a particular item are combined together and bid out to several vendors in order to obtain discount prices.

Commodity: Any equipment, materials, or supplies, also referred to in this manual as goods and items. It does not include services or printing.

Competition: The fair and open solicitation of offers from more than one source; the receipt of offers from more than one source. Competition must be reasonable and adequate for the amount of the expenditure and the specific requirement.

Consultant Contract: A contract to have work or task(s) performed by state employees or independent contractors possessing specialized knowledge, experience, expertise and professional qualifications to investigate assigned problems or projects and to provide counsel, review, analysis or

advice in formulating or implementing improvements in programs or services. This may include (by way of illustration, not limitation) the organization, planning, directing, control, evaluation and operation of a program or agency. Consultant contracts must be approved by the Governor's Office.

Contract Administration: Contract administration begins after award of the contract. Its purpose is to assure that the contractor's and agency's total performance is in accordance with the terms and conditions of the contractual agreement.

Contract Administrator: Monitors progress to verify that services are performed as required and that all deadlines are being met. They may also establish reporting requirements that need to be followed by the participants.

Contract Amendment refers to any modification or alteration to the terms and conditions of a fully executed contract, Memorandum of Agreement or Memorandum of Understanding.

Examples of a modification or alteration include (by way of illustration, not limitation) no-cost time extensions, increases in services, increases or decreases in the contract amount. Once a contract's expiration date has passed, the contract cannot be amended because a contract no longer exists.

Contract Monitoring: Contract monitoring is a key component of contract administration and is the key to enforcing the contract. The goal of contract monitoring is to ensure the contract is satisfactorily performed and the responsibilities of both parties are properly discharged. An effective contract monitoring system mitigates risk, with risk defined as the probability of an event or action having an adverse effect on a state agency. In addition, effective contract monitoring minimizes or eliminates problems and potential claims and disputes

Contractual Service: When an independent contractor performs services requiring specialized knowledge, experience, expertise or similar capabilities for a State agency for compensation from agency funds. The services may include (by way of illustration, not limitation) services such as, maintenance of buildings or equipment, auditing, film production, employee training and food service, provided that the service is not primarily for review, analysis or advice in formulating or implementing improvements in programs or services (in which case rules relating to Consultant Contracts shall be applicable).

Delegation:

- **General Delegation:** The authority granted by P&C or ITD to the Department to handle purchases of \$25,000 or less.
- **Special Delegation:** The authority granted by P&C or ITD to the Department to handle a specific or special purchase, when the purchase price is over \$25,000. (Examples include, but not limited to, medical services, food, non-construction related repairs, etc.). A Special Delegation does not exempt a Department from any other purchasing rules other than the express scope in the delegation.

Department: refers to the Department of Health and Human Services.

DHHS-Entity: The term "DHHS-Entity" refers to any entity governed by the Department of Health and Human Services, including, but not limited to, Divisions, Administrative Divisions, Offices, Programs, Schools, State Health Lab, and State Operated Healthcare Facilities

Direct Purchase Contracts: There are no Direct Purchase Contracts. There is a direct payment process for one-time services of \$2,500.00 or less, where the service may be acquired and invoiced and the invoice is handled as a direct payment. There is also a direct payment for commodities through the use of the State PCard for the over the counter purchase of certain approved commodities less than \$2,500.00.

Division of Purchase and Contract: A Division of the Department of Administration responsible for administering the State's procurement program for acquisition of goods and services.

Division of State Operated Healthcare Facilities: The Division of State Operated Healthcare Facilities is a system of healthcare facilities that respects the dignity of individuals and provides individualized, compassionate, efficient, quality care to citizens of North Carolina with developmental disabilities, substance use disorders and psychiatric illnesses and whose needs exceed the level of care available in the community. The facilities include: Alcohol Drug Abuse Treatment Centers (ADATCs): Julian F. Keith ADATC - Black Mountain, NC; RJ Blackley ADATC - Butner, NC; Walter B Jones ADATC - Greenville, NC; Psychiatric Hospitals: Broughton Hospital – Morganton, NC; Central Regional Hospital – Butner, NC; Cherry Hospital – Goldsboro, NC; Developmental Centers: J. Iverson Riddle Center – Morganton, NC; Murdoch Center – Butner, NC; Caswell Center – Kinston, NC; Neuro-Medical Treatment Centers: Black Mountain Center – Black Mountain, NC; O'Berry Center – Goldsboro, NC; Longleaf Center – Wilson, NC; Residential Schools: Whitaker School – Butner, NC; Wright School – Durham, NC.

Effective Dates of Contract: Refers to the date services being contracted for are to begin (the date the contractor is to begin work) and the date the work is to be finished. The total time period of a contract may not exceed three (3) years without prior approval (before the contract is entered into by DHHS) from DOA P&C. A contractor must not begin work until a fully executed contract is in place.

Emergency or Pressing Need Contract: Contracts issued for the purchases of commodities, printing or services in the open market in cases of emergency or pressing need. For this purpose, a pressing need is one arising from unforeseen causes including, but not limited to, delay by contractors, delay in transportation, breakdown in machinery, or unanticipated volume of work while emergencies are defined as situations which endanger lives, property or the continuation of a vital program and which can be rectified only by immediate, on-the-spot purchases or rental of commodities, printing or services.

E-Procurement: Electronic procurement of goods and/or services. North Carolina eProcurement System combines the use of internet technology with procurement best practices to streamline the purchasing processes and reduces costs. The use of the eProcurement System is mandatory.

E-quote: A tool within the North Carolina eProcurement System that can be used to solicit and review quotes from multiple suppliers for a good or service. The tool is to be used for small, open market purchases.

General Delegation: The authority granted by the SPO for an agency to handle purchases made under a certain dollar amount, in accordance with the guidelines in this manual.

Grant Contract: refers to a contract issued as a result of an award of a conducted by the DHHS Division who has been awarded the grant funds and was given grant making authority by the funding source.

Grant Request for Applications (RFA) refers to a solicitation document issued by a DHHS Division to applicable entities as defined by the funding source (i.e. government, non-profit, local government, university, for profit, etc.) requesting proposals to address specific issues required to meet the specifications of a grant.

Group Purchasing Organization: Group Purchasing Organization as approved by NC GS 143-56 for use by the hospitals, developmental Centers, neuro-medical treatment centers and the alcohol drug abuse treatment centers.

Historically Underutilized Business (HUB): Any one of the following minority-owned businesses: Black, Hispanic, Asian American, American Indian, Female, Disabled, Disadvantaged (See NCGS 143-128.4).

Information Technology Contracts (IT): A contract for goods or services related to information technology. Goods are defined as any information technology commodities including equipment, materials, or supplies. Services is defined as any process of providing services requiring specialized knowledge, experience, expertise, professional qualifications, or similar capabilities for any aspect of information technology including, but not limited to, work or task performance, review, analysis, and advice in formulating or implementing improvements in programs or services. All contract exceeding \$25,000.00 are forwarded to the State IT Procurement Office for processing.

Invitation for Bids (IFB): A formal solicitation document, used to seek competition for easily defined goods and simple services. This document or the RFP is required to be used for competitive procurements over \$10,000.

Lease: A contract conveying from one to another the use of a commodity for a designated period in return for established periodic payments. This does not contain an option, or an obligation, to purchase

Maintenance Contract: Refers to arrangements for routine servicing of machinery such as office equipment, telephone systems, etc.

Memorandum of Agreement or Memorandum of Understanding refers to instruments negotiated between the Department and other agencies of state, federal and local governments and private non-profit entities to provide for an exchange of services or to describe the conditions under which one agency will provide services for another. These agreements do not provide for payment for services rendered. MOAs or MOUs are signed by the parties to the agreement.

Negotiation: The act of making a purchase when all offers have been rejected, or when there is justification for waiving the competitive process, or when an emergency or pressing need arises.

Offer: This term may refer to a bid, proposal or offer submitted in response to an Invitation for Bids, Request for Proposals, Negotiation, or Request for Quotes.

Offeror: Company, firm, corporation, partnership, individual, etc. submitting a response to a solicitation document or in response to a negotiation.

Office of Procurement Contracts and Grants: The central procurement office for the Department of Health and Human Services. Responsible for processing and oversight over all DHHS procurements, contracts and grants.

Open Market Contracts: Any contract where the requirement is openly advertised and whose award is based upon the competitive bidding process where offers are solicited, received, evaluated and awarded the lowest responsive and responsible bidder.

Pressing Need: A need arising from unforeseen causes including, but not limited to, delay by contractors, delay in transportation, breakdown in machinery, or unanticipated volume of work, and which can be rectified only by immediate on-the-spot purchase (or rental) of equipment, supplies, materials, printing, or contractual services (also see Emergency).

Procurement Card (Pcard) - A credit card issued to an individual in a division which enables the user to purchase goods and services without the issuance of a purchase order and without using the direct payment process.

Purchase and Contract, Division of (DOA, P&C) – A Division of the Department of Administration responsible for administering the state’s program for the acquisition and management of goods and services more than DHHS’s current delegation of \$25,000.00 for open-market commodities and contractual services.

Request for Information (RFI): The RFI is an informal document used to request information from vendors about products or services when an agency does not have enough information readily available to write an adequate solicitation document. The RFI should provide as much information as possible to define the type of information that is being sought. While information gathered from vendors’ responses to the RFI may be used to enhance the agency’s future procurement, the RFI should state that it is not a request for offer and that no award will result. Since the RFI is not a solicitation for procurement, the State’s terms and conditions should not be included in the document.

Request for Proposals (RFP): A formal solicitation document typically used for seeking competition and obtaining offers for more complex services or a combination of goods and services used for competitive procurements over \$10,000.00.

Request for Quotes (RFQ): A solicitation document normally used for non-advertised competitive procurements (may include e-Quote).

Responsible Offeror: An offeror who has the capability in all respects to perform fully the contract requirements, and the integrity and reliability to assure good-faith performance.

Responsive Offeror: An offeror who has submitted an offer which conforms in all material respects to the solicitation document.

Service Contract: Any agreement in which an independent contractor performs services requiring specialized knowledge, experience, expertise or similar capabilities for a state agency for compensation involving an expenditure of public funds. The services may include (by way of illustration, not limitation) services such as maintenance of buildings or equipment, auditing, film production, employee training and food services, provided that the service is not primarily for review, analysis or advice in formulating or implementing improvements in programs or services (in which case rules relating to consultants shall be applicable).

Small Purchase: The purchase of a good or service for \$5,000 or less.

Single Source: Refers to purchases from one selected supplier. Even though there are other suppliers

that provide similar products, for strategic and possibly cost reasons the Department decides to use only a specific supplier. This type of purchase requires prior approval from DOA-P&C or SITP when the purchase is over \$10,000.00. (See 01 NCAC 05B .1401 and 09 NCAC 06B .0901).

Sole Source: Refers to those purchases where, after conducting market research, only one supplier could be identified to meet the need. Usually, these are unique products that can only be purchased from one supplier/manufacturer. This type of purchase requires prior approval from DOA-P&C or SITP when the purchase is over \$10,000.00. (See 01 NCAC 05B .1401 and 09 NCAC 06B .0901).

Solicitation Document: A written Request for Quotes, Request for Proposals, Invitation for Bids, or a Request for Information.

Specification: A detailed list indicating all technical data (dimensions, weight, color, etc.) for a commodity.

Statewide Term Contract: A contract handled by DOA-P&C or SITP for all agencies, unless exempted by statute, rule, or special term and condition specific to that contract.

Sub-Recipient: A Non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program but does not include an individual that is a beneficiary of such a program. A sub-recipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Term Contract: A binding agreement between purchaser and seller to buy and sell certain commodities, printing, or services at certain prices and under stipulated terms and conditions. A contract generally intended to cover all normal requirements for a commodity or contractual service for a specified period based on estimated quantities only. Sometimes referred to as a “requirements contract” or an “indefinite quantity contract”.

Vendor: A dealer, distributor, merchant or other seller providing goods or services that is required for the conduct by State agencies or programs. These goods or services may be for an organization’s own use or for the use of beneficiaries of State agencies or programs.

Waiver of Competition: Refers to a process by which contracts are issued without seeking competition. (See 01 NCAC 05B .1401 and 09 NCAC 06B .0901).

24.0 ACRONYMS

AG- Attorney General

BAFO- Best and Final Offer

BPA- Blanket Purchase Agreement

CIO- Chief Information Officer

DIT -Department of Information Technology

DOA- Department of Administration

DSOHF-Division of State Operated Healthcare Facilities

EO- Equal Opportunity

FOB- Freight on Board

GPO – Group Purchasing Organization

GS- General Statute

GSA- General Services Administration

HUB- Historically Underutilized Business

IFB- Invitation for Bids

IPS- Interactive Purchasing System

ITD- Information Technology Division

NCAC- North Carolina Administrative Code

NCAS- North Carolina Accounting System

NIGP- National Institute of Government Purchasing

OSBM- Office of State Budget Management

P&C- Division of Purchase and Contract

PPM- Project Portfolio Management

RFI- Request for Information

RFP- Request for Proposals

RFQ- Request for Quotes

SCIO- State Chief Information Officer

SITP - Office of Statewide IT Procurement

SPO- State Purchasing Officer


SWUC- Statewide Uniform Certification

T & M- Time and Materials

25.0 FORMS

Procurement Checklist for Divisions

The following is a list of items that must be completed before submitting a procurement request to the Office of Procurement, Contracts and Grants (OPCG). Please include a copy of this checklist when submitting your procurement request package to OPCG. Your Division's Purchasing Office should assist you with completing this checklist. *Note: This a preliminary list and should not be considered all inclusive. OPCG reserves the right to request additional information based upon the documentation submitted.*

Minimum Requirements for All Procurements		Answer	
		Yes	No
1.	Are the goods or services available under a current statewide term contract?	<input type="checkbox"/>	<input type="checkbox"/>
2.	Are the goods or services available from Correction Enterprise?	<input type="checkbox"/>	<input type="checkbox"/>
3.	Justification Memorandum been completed and attached to this request?	<input type="checkbox"/>	<input type="checkbox"/>
4.	Determination of Involvement by ITD checklist been completed and attached to this request?	<input type="checkbox"/>	<input type="checkbox"/>
5.	If yes to question 4, were any of the items on the ITD Checklist answered "Yes"? (If "yes", then question 8 below should be yes and questions 5, 6, and/or 7 should also be "yes".)	<input type="checkbox"/>	<input type="checkbox"/>
6.	Will the procurement require a security exception? (If "yes", complete the Privacy Threshold Analysis Form located on the DIT Website https://it.nc.gov/exception-resources) and submit the completed and signed forms to: DHHS.SecurityExceptions@dhhs.nc.gov .)	<input type="checkbox"/>	<input type="checkbox"/>
7.	Will the procurement require a hosting exception? (If "yes", complete the Standards Exception – Form B, located on the DIT Website https://it.nc.gov/exception-resources) and submit the completed and signed forms to: DHHS.ExceptionRequests@dhhs.nc.gov .)	<input type="checkbox"/>	<input type="checkbox"/>
8.	Will the procurement require a sourcing exception? (If "yes", complete the Standards Exception – Form B, located on the DIT Website https://it.nc.gov/exception-resources) and submit the completed and signed forms to: DHHS.Procurement.ExceptionRequests@dhhs.nc.gov .)	<input type="checkbox"/>	<input type="checkbox"/>
9.	If you answered "Yes" to 4, complete the Statewide IT Procurement Checklist for Agencies (https://it.nc.gov/statewide-it-procurement-checklist-agencies) and attach it to this request.	<input type="checkbox"/>	<input type="checkbox"/>
	1) If you answered "Yes" to questions 1 or 2, you must enter a requisition in the NC eProcurement System .		
	2) All documents required above, must be attached to this request when submitted to DHHS-OPCG. NOTE: If you have questions, consult your Division's Purchasing Office or DHHS-OPCG.		

RFPs and IFBs		Answer	
		Yes	No
10.	Is the solicitation document being submitted <u>at least 120 days</u> prior to current contract expiration date <u>or</u> the desired effective date for new contract (e.g., fiscal year, end of calendar year)?	<input type="checkbox"/>	<input type="checkbox"/>
11.	Is there a clear business owner for this solicitation within your agency? If so, please identify the person in the box to the right. Click or tap here to enter text.	<input type="checkbox"/>	<input type="checkbox"/>
12.	Identify the Division's Purchasing Office point of contact for this solicitation. Enter the person's name in the box to the right. Click or tap here to enter text.	<input type="checkbox"/>	<input type="checkbox"/>
13.	Has a Justification Memorandum been completed and attached to this request	<input type="checkbox"/>	<input type="checkbox"/>
14.	Have you or your Division's Purchasing Office provided a Draft copy of the solicitation document (RFP or IFB)?	<input type="checkbox"/>	<input type="checkbox"/>
15.	Is the solicitation document on the latest P&C or DIT solicitation form (compare the date in the lower right corner to the date on the corresponding document on the P&C website https://ncadmin.nc.gov/government-agencies/procurement/bid-forms or DIT website at https://it.nc.gov/it-procurement-forms-and-templates)?	<input type="checkbox"/>	<input type="checkbox"/>
16.	Does the solicitation contain a concise and understandable statement of the agency's intent?	<input type="checkbox"/>	<input type="checkbox"/>
17.	Does the solicitation clearly describe all tasks, milestones and deliverables, including due dates for completion of each?	<input type="checkbox"/>	<input type="checkbox"/>
18.	Does the solicitation indicate if it will be a one-step or two-step evaluation process? (For P&C see Section 5 of the NC Procurement Manual) (For IT see 9 NCAC 06B.0302, Methods of Source Selection)?	<input type="checkbox"/>	<input type="checkbox"/>
19.	Have you developed an evaluation methodology that conforms to the one-step or two-step process indicated in the solicitation?	<input type="checkbox"/>	<input type="checkbox"/>
RFQs		Yes	No
20.	Is the solicitation document being submitted <u>at least 60 days</u> prior to estimated delivery date <u>or</u> the desired effective date for a new contract (e.g., fiscal year, end of calendar year)?	<input type="checkbox"/>	<input type="checkbox"/>
21.	Is there a clear business owner for this solicitation within your agency? If so, please identify the person in the box to the right. Click or tap here to enter text.	<input type="checkbox"/>	<input type="checkbox"/>
22.	Identify the Division's Purchasing Office point of contact for this solicitation. Enter the person's name in the box to the right. Click or tap here to enter text.	<input type="checkbox"/>	<input type="checkbox"/>
23.	Has a Justification Memorandum been completed and attached to this request?	<input type="checkbox"/>	<input type="checkbox"/>
24.	Have you or your Division's Purchasing Office provided a Draft copy of the solicitation document (RFQ)?	<input type="checkbox"/>	<input type="checkbox"/>
25.	Is the solicitation document on the latest P&C or DIT solicitation form (compare the date in the lower right corner to the date on the corresponding document on the P&C website https://ncadmin.nc.gov/government-agencies/procurement/bid-forms or DIT website at https://it.nc.gov/it-procurement-forms-and-templates)?	<input type="checkbox"/>	<input type="checkbox"/>

Waivers of Competition and Limited Competition (NOTE: Time and Cost are not valid conditions for waiving competition)		Yes	No
26.	Is the solicitation document being submitted <u>at least 60 days</u> prior to estimated delivery date <u>or</u> the desired effective date for a new contract (e.g., fiscal year, end of calendar year)?	<input type="checkbox"/>	<input type="checkbox"/>
27.	Is there a clear business owner for this solicitation within your agency? If so, please identify the person in the box to the right. Click or tap here to enter text.	<input type="checkbox"/>	<input type="checkbox"/>
28.	Identify the Division's Purchasing Office point of contact for this solicitation. Enter the person's name in the box to the right. Click or tap here to enter text.	<input type="checkbox"/>	<input type="checkbox"/>
29.	Has a Justification Memorandum been completed and attached to this request?	<input type="checkbox"/>	<input type="checkbox"/>
30.	Does the justification address why the vendor is the only qualifying provider and how the selected waiver condition applies? (See NCAC 06B .0901 or 01 NCAC 05B .1401.)	<input type="checkbox"/>	<input type="checkbox"/>
31.	Have you or your Division's Purchasing Office provided a Draft copy of the solicitation document (RFQ)?	<input type="checkbox"/>	<input type="checkbox"/>
32.	Is the solicitation document on the latest P&C or DIT solicitation form (compare the date in the lower right corner to the date on the corresponding document on the P&C website https://ncadmin.nc.gov/government-agencies/procurement/bid-forms or DIT website at https://it.nc.gov/it-procurement-forms-and-templates)?	<input type="checkbox"/>	<input type="checkbox"/>
Contract Amendments		Yes	No
33.	Is the solicitation document being submitted <u>at least 60 days</u> prior to estimated delivery date <u>or</u> the desired effective date for a new contract (e.g., fiscal year, end of calendar year)?	<input type="checkbox"/>	<input type="checkbox"/>
34.	Has a Justification Memorandum been completed and attached to this request?	<input type="checkbox"/>	<input type="checkbox"/>
35.	Do you have documented market research and background information (e.g., prior contracts and contract amendments) to provide sufficient understanding and rationale for the amendment?	<input type="checkbox"/>	<input type="checkbox"/>
36.	Have you referenced the original contract in the amendment?	<input type="checkbox"/>	<input type="checkbox"/>
E-Procurement Requisitions		Yes	No
37.	Is the requisition being submitted <u>at least 60 days</u> prior to estimated delivery date <u>or</u> the desired effective date for a new contract (e.g., fiscal year, end of calendar year)?	<input type="checkbox"/>	<input type="checkbox"/>
38.	Has a Justification Memorandum been completed and attached to the requisition?	<input type="checkbox"/>	<input type="checkbox"/>
39.	Has all other supporting documentation as referenced above, been completed and attached to this requisition?	<input type="checkbox"/>	<input type="checkbox"/>

DHHS – OPCG Procurement Checklist for Divisions Page 3

Award Recommendation		Yes	No
40.	As the Evaluation Documentation been reviewed by the Division's Purchasing and Contracts Office?	<input type="checkbox"/>	<input type="checkbox"/>
41.	Has an Award Recommendation Letter been completed by the Division's Purchasing and Contracts Office and attached to this Award Recommendation Package?	<input type="checkbox"/>	<input type="checkbox"/>

	NOTE: The evaluation documentation must support the evaluation methodology described in the solicitation documents.		
42.	Has the Privacy Threshold Analysis Form been completed, signed, and attached to this Recommendation Package, if required?	<input type="checkbox"/>	<input type="checkbox"/>
43.	Has the Standards Exception Form been completed, signed, and attached to this Recommendation Package, if required?	<input type="checkbox"/>	<input type="checkbox"/>
44.	Has the Sourcing Exception Form (if contract is form longer than 3 years) been completed and attached to this Recommendation Package?	<input type="checkbox"/>	<input type="checkbox"/>

DHHS – OPCG Procurement Checklist for Divisions Page 4

26.0 PURCHASING REFERENCE GUIDE AND FLOWCHARTS

26.1 FLOWCHARTS – RESERVED